

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 JUSE-00 CTME-00 OIC-02

AF-10 ARA-10 EA-10 EUR-12 NEA-11 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

DOE-15 /174 W

-----127108 191758Z /43

R 191720Z JUN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC 1036

INFO AMEMBASSY BELGRADE

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USMTN

ACTION STR

STR PASS CODEL

EO 11652: N/A

TAGS: MTN, ETRD, YU

SUBJECT: US/YUGOSLAVIA MTN BILATERAL

1. SUMMARY: MTN DEL (GRAEF) MET WITH YUGOSLAV DEL (TOMIC AND MRS. VERA PEJINOVIC, DIRECTOR OF INTERNATIONAL TRADE) ON FRIDAY JUNE 16. MTN DEL REVIEWED THE STATUS OF YUGOSLAV REQUEST UNDER GROUP AGRICULTURE POINTING TO NEW US OFFERS ON PAPRIKA (161.71), FRUIT PASTE AND PULP NES (152.76) AND APRICOT PULP 152.42, AND REQUESTED THAT YUGOSLAVIA DOCUMENT IT'S INTEREST IN SHEEP MILK CHEESE (117.70) PRESERVED CAPSICUM CUCUMBERS (141.81) AND RASPBERRY, BLACKBERRY AND CHERRY FRUIT JUICE (165.55). IN RESPONSE TO MTN DEL QUESTION ON YUGOSLAV RESPONSE ON US LIMITED OFFICIAL USE

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REQUESTS TOMIC INDICATED THAT PENDING JULY 1 REVISION OF YUGOSLAVIA TARIFF COULD COVER MAJORITY OF US REQUESTS DEPENDING ON MAINTENANCE AND IMPROVEMENT OF US OFFER TO YUGOSLAVIA. THE TWO DELEGATIONS AGREED TO CONTINUE DISCUSSION ON WEDNESDAY, JUNE 21. END SUMMARY.

2. TOMIC BEGAN THE MEETING BY POINTING TO THE FACT THAT

YUGOSLAVIA WAS UNCERTAIN OF THE STATUS OF THE US OFFER WITH RESPECT TO PRODUCTS COVERING \$112 MILLION DOLLARS IN TRADE IN THE US (I.E. AGRICULTURAL PRODUCTS WHICH HAD NOT BEEN REQUESTED BY A PRINCIPAL SUPPLIER, TO BE SPECIFIED OFFERS, AND MANDATORY OR ECONOMIC EXCEPTIONS). MTN DEL REVIEWED THE STATUS OF THESE OFFERS POINTING TO PENDING DECISIONS ON PRODUCTS UNDER AMERICAN SELLING PRICE (\$5 MILLION DOLLARS) ESCAPE CLAUSE CASES ON FERROCHROMIUM, UNWROUGHT ZINC AND FASTENERS (\$30 MILLION DOLLARS). WE ALSO DISCUSSED ECONOMIC EXCEPTIONS ON TEXTILE PRODUCTS AND GLASSWARE (\$15 MILLION) AND MANDATORY EXCEPTIONS ON LEATHER FOOTWEAR (\$26 MILLION). BALANCE OF TRADE COVERAGE THAT WAS UNDECIDED WAS UNDER GROUP AGRICULTURAL PROCEDURES. MTN DEL REVIEWED YUGOSLAV AG REQUESTS IN DETAIL. NEW US OFFERS ON PAPRIKA (161.71), FRUIT PASTE AND PULP NES (152.76) AND APRICOT PULP 152.42 WERE IDENTIFIED. ON OTHER ITEMS THE LACK OF A REQUEST FROM THE PRINCIPAL SUPPLIER, IN MOST CASES THE EC (PREPARED AND PRESERVED PORK, 107.35, CHERRIES, 146.90-99, AND HOPS 192.25) HAD PRECLUDED A DECISION. TOMIC CLARIFIED REQUESTS: SHEEP MILK CHEESES AS REQUEST FOR NEW TARIFF POSITION FOR CACICAVALLLO; ON OTHER VEGETABLES 141.81 AN EX POSITION FOR PAPRIKA CAPSICUM CUCUMBER, AND ON OTHER FRUIT JUICES AS RASPBERRY, BLACK-BERRY AND CHERRY JUICE. HE UNDERTOOK TO PROVIDE TRADE DATA DETAILING YUGOSLAV EXPORTS TO OTHER TRADING PARTNERS. TOMIC ALSO REQUESTED AN EX POSITION FOR MARASCA CHERRIES LIMITED OFFICIAL USE

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(146.99) WHICH HE DESCRIBED AS THE INPUT TO THE PRODUCTION OF MARASCHINO CHERRIES.

3. DISCUSSION OF YUGOSLAV TARIFF S&D REQUEST WAS CURSORY. MTN DEL OBSERVED THAT FORTHCOMING US OFFER ON NON FERROUS METAL, PARTICULARLY ON COPPER, WAS RESPONSIVE TO THE YUGOSLAV INTERESTS BUT THAT US OFFER WOULD BE DIFFICULT TO MAINTAIN IN AN ABSENCE OF RESPONSE FROM YUGOSLAVIA AND OTHER BENEFICIARIES TO THIS OFFER. IN ADDITION THE US OFFER HAD RECEIVED CONSIDERABLE CRITICISM FROM THE US NON FERROUS INDUSTRY SINCE THE JAPANESE AND EC OFFERS WERE NOT AS FORTHCOMING. YUGOSLAV DEL AGREED WITH THIS ACCESSMENT.

4. WITH RESPECT TO YUGOSLAV CONTRIBUTIONS TO THE MTN TOMIC INDICATED THAT ALL US REQUESTS FOR TARIFF REDUCTIONS AND BINDINGS COULD BE MET IN PRINCIPAL DEPENDING ON MAINTENANCE AND APPROVAL OF THE US OFFER. HE SPECIFICALLY IDENTIFIED THE FOLLOWING REDUCTIONS OR BINDINGS:

8802 BIND AT FREE
88022 - 15 PERCENT

88031 AND 88032A - BINDINGS AT FREE UNDER CONSIDER

ATION

884532 AND 88533 - 10 PERCENT

870311 - 15 PERCENT

84247B-C, 84362A, 84444-7 - ALL REQUESTED RATES

POSSIBLE

84241B-D - HALF THE REQUESTED REDUCTION POSSIBLE

842410 - 15 PERCENT

IN RESPONSE TO MTN DEL URGING THAT WRITTEN OFFER BE TABLED
TOMIC INDICATED THAT THE PROPOSED TARIFF REDUCTIONS HAD
GONE FORWARD TO CABINET FOR CONSIDERATION BUT THAT MTN DEL
SHOULD CONSIDER THESE OFFERS AS MADE IN A NEGOTIATING
SITUATION AND THEREFORE VALID.

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INFO OCT-01 STRE-00 ISO-00 IO-13 JUSE-00 CTME-00 OIC-02

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CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10

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TO SECSTATE WASHDC 1037

INFO AMEMBASSY BELGRADE

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USMTN

ACTION STR

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5. COMMENT: REQUEST WASHINGTON EVALUATION OF INFORMAL

YUGOSLAV OFFER. IT IS CLEAR THAT YUGOSLAVIA IS PREPARED TO RESPOND FAVORABLY TO MAJORITY OF US TARIFF REQUESTS BUT WISHES MORE SPECIFIC COMMITMENT TO MAINTAIN US OFFER. YUGOSLAVIA RECOGNIZES THE DIFFICULT SITUATION PRESENTED BY LESS FORTHCOMING OFFERS BY THE EC AND JAPANESE ON NON FERROUS METALS BUT IS CONCERNED THAT AGRICULTURAL NEGOTIATIONS WITH THE EC HAVE BLOCKED EFFECTIVE CONSIDERATION OF ITS PRIORITY AGRICULTURAL REQUESTS. NEXT MEETING OF THE TWO DELEGATIONS WILL BE WEDNESDAY, JUNE 21.

6. DRAFTED BY GRAEF. CULBERT

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Message Attributes

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Disposition Approved on Date:
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